



Reprinted  
February 2, 2006

## SENATE BILL No. 361

DIGEST OF SB 361 (Updated February 1, 2006 6:10 pm - DI 14)

**Citations Affected:** IC 9-13; IC 9-16.

**Synopsis:** Operation of license branches by contractors. Provides that if a qualified person demonstrates to the bureau of motor vehicles commission that the person can meet the statutory requirements to operate a license branch or to provide partial services, the commission shall award a contract to the qualified person to provide license branch services or partial services. Provides that a contractor that operates a license branch or provides partial services is not required to collect statutory services charges but may collect and keep any service fees the contractor considers necessary to provide the services. Requires a contractor to collect and pay to the bureau of motor vehicles a transaction fee that recovers the costs to the state, as determined by the bureau and the state board of accounts, to support license branch services. Provides that the commission may not require a contractor to provide a cash bond as the fidelity bond to secure performance of the contract. Provides that the commission is not required to replace any license branch operated by the commission with a license branch operated by a person under a contract. Adds insurance producers to the list of entities that are "qualified persons".

**Effective:** Upon passage.

**Ford**

January 11, 2006, read first time and referred to Committee on Commerce and Transportation.  
January 26, 2006, amended, reported favorably — Do Pass.  
February 1, 2006, read second time, amended, ordered engrossed.

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Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

## SENATE BILL No. 361

A BILL FOR AN ACT to amend the Indiana Code concerning motor vehicles.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 9-13-2-192 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 192. "Unit", for  
3 purposes of **IC 9-16-1** and IC 9-21-18, has the meaning set forth in  
4 IC 9-21-18-3.
- 5 SECTION 2. IC 9-16-1-1 IS AMENDED TO READ AS FOLLOWS  
6 [EFFECTIVE UPON PASSAGE]: Sec. 1. As used in this chapter,  
7 "qualified person" means any of the following:
- 8 (1) A motor club that is any of the following:
- 9 (A) A domestic corporation.
- 10 (B) A foreign corporation qualified to transact business in  
11 Indiana under IC 23-1 or IC 23-17.
- 12 (2) A financial institution (as defined in IC 28-1-1-3).
- 13 (3) A new motor vehicle dealer licensed under IC 9-23-2.
- 14 **(4) An insurance producer (as defined in IC 27-1-15.6-2)**  
15 **licensed under IC 27-1-15.6.**
- 16 ~~(4)~~ **(5)** Other persons, including persons licensed under IC 9-23-2  
17 that are not covered by subdivision (3), that the commission

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determines can meet the standards adopted by the commission under IC 9-15-2-1(7) and the requirements for partial service contractors under section 4.5 of this chapter.

SECTION 3. IC 9-16-1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) **If a qualified person demonstrates that the qualified person can meet the requirements of this section**, the commission ~~may~~ **shall** contract with ~~a~~ **the** qualified person for ~~(1)~~ the operation of a full service license branch under this section. ~~or~~

~~(2) providing partial services under section 4.5 of this chapter.~~

(b) A contract for the operation of a full service license branch must include the following provisions:

(1) The contractor shall provide a full service license branch, including the following services:

(A) Vehicle titles.

(B) Vehicle registration.

(C) Driver's licenses.

(D) Voter registration as provided in IC 3-7.

(2) The contractor shall provide trained personnel to properly process branch transactions.

(3) The contractor shall do the following:

(A) Collect and transmit all bureau fees and taxes collected at the license branch.

(B) Deposit the taxes collected at the license branch with the county treasurer in the manner prescribed by IC 6-3.5 or IC 6-6-5.

(4) The contractor shall generate a transaction volume sufficient to justify the installation of bureau support systems.

**(5) This subdivision does not apply to a contractor that is a unit.** The contractor shall provide fidelity bond coverage in an amount prescribed by the commission **that is reasonably calculated to secure the contractor's performance. The commission may not require the contractor to post a cash bond.**

(6) The contractor may operate the license branch within a facility used for other purposes.

(7) The contractor shall pay the cost of ~~any~~ **annual** post audits conducted by the commission or the state board of accounts on an actual cost basis.

(8) The commission shall provide support systems and driver's license examiners on the same basis as state operated branches.

(9) The commission shall provide the same equipment to

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contractors as is provided to state operated branches.

(10) The commission must approve each location and physical facility based upon criteria developed by the commission.

(11) The term of the contract must be for a fixed period.

(12) The contractor shall agree to provide voter registration services and to perform the same duties imposed on the commission under IC 3-7.

**(c) Notwithstanding subsection (a), the commission is not required to replace any license branch with a license branch operated by a qualified person under subsection (a).**

SECTION 4. IC 9-16-1-4.5, AS AMENDED BY P.L.210-2005, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.5. (a) **If a qualified person demonstrates that the qualified person can meet the requirements of this section,** the commission ~~may~~ **shall** contract with ~~a~~ **the** qualified person to provide partial services at ~~a~~ **the** qualified person's location, including locations within a facility used for other purposes, such as electronic titling and title application services and self-serve terminal access.

(b) A contract for providing motor vehicle registration and renewal services at a location must include the following provisions:

(1) The contractor must provide trained personnel to properly process motor vehicle registration and renewal transactions.

(2) The contractor shall do the following:

(A) Collect and transmit all bureau fees and taxes collected at the contract location.

(B) Deposit the taxes collected at the contract location with the county treasurer in the manner prescribed by IC 6-3.5 or IC 6-6-5.

**(3) This subdivision does not apply to a contractor that is a unit.** The contractor shall provide fidelity bond coverage in an amount prescribed by the commission **that is reasonably calculated to secure the contractor's performance. The commission may not require the contractor to post a cash bond.**

(4) The contractor shall pay the cost of ~~any~~ **annual** post audits conducted by the commission or the state board of accounts on an actual cost basis.

(5) The commission must approve each location and physical facility used by a contractor.

(6) The term of the contract must be for a fixed period.

SECTION 5. IC 9-16-1-5, AS AMENDED BY P.L.210-2005, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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UPON PASSAGE]: Sec. 5. Each license branch, ~~full service provider,~~  
~~or partial services provider~~ shall collect the service charges prescribed  
 by IC 9-29-3 and deposit the service charges in the state license branch  
 fund established under IC 9-29-14.

SECTION 6. IC 9-16-1-5.5 IS ADDED TO THE INDIANA CODE  
 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
 UPON PASSAGE]: Sec. 5.5. (a) IC 9-29-3 does not apply to:

(1) a license branch operated under a contract awarded under  
 section 4 of this chapter; or

(2) a partial services facility operated under section 4.5 of this  
 chapter.

(b) A contractor under section 4 or 4.5 of this chapter may  
 charge and keep any service fees the contractor considers  
 necessary, in the contractor's sole discretion, to operate the license  
 branch or to provide partial services.

(c) Before October 1 of each year, the bureau and the state  
 board of accounts shall determine the actual cost to the state to  
 provide license branch services under this article during the most  
 recently concluded state fiscal year. The state board of accounts  
 shall determine a method to allocate these costs to license branch  
 services on a transaction basis. Before January 1 of the following  
 year, the bureau shall notify all contractors under section 4 or 4.5  
 of this chapter the amount of the per transaction cost determined  
 under this subsection.

(d) A contractor under section 4 or 4.5 of this chapter shall:

(1) collect as a fee for each transaction processed after  
 December 31 the transaction cost determined under  
 subsection (c); and

(2) pay the money collected under subdivision (1) to the  
 bureau as provided in the contract.

The fee required to be collected under this subsection is in addition  
 to any fees the contractor may charge under subsection (b).

(e) The bureau shall deposit money paid to the bureau under  
 subsection (d) in the motor vehicle highway account.

SECTION 7. An emergency is declared for this act.

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## COMMITTEE REPORT

Madam President: The Senate Committee on Commerce and Transportation, to which was referred Senate Bill No. 361, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 9-13-2-192 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 192. "Unit", for purposes of **IC 9-16-1** and IC 9-21-18, has the meaning set forth in IC 9-21-18-3."

Page 2, line 9, after "(5)", insert **"This subdivision does not apply to a contractor that is a unit."**

Page 2, after line 25, begin a new paragraph and insert:

**"(c) Notwithstanding subsection (a), the commission is not required to replace any license branch with a license branch operated by a qualified person under subsection (a).**

SECTION 3. IC 9-16-1-4.5, AS AMENDED BY P.L.210-2005, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 4.5. (a) The commission ~~may~~ **shall** contract with a qualified person to provide partial services at a qualified person's location, including locations within a facility used for other purposes, such as electronic titling and title application services and self-serve terminal access.

(b) A contract for providing motor vehicle registration and renewal services at a location must include the following provisions:

(1) The contractor must provide trained personnel to properly process motor vehicle registration and renewal transactions.

(2) The contractor shall do the following:

(A) Collect and transmit all bureau fees and taxes collected at the contract location.

(B) Deposit the taxes collected at the contract location with the county treasurer in the manner prescribed by IC 6-3.5 or IC 6-6-5.

(3) **This subdivision does not apply to a contractor that is a unit.** The contractor shall provide fidelity bond coverage in an amount prescribed by the commission.

(4) The contractor shall pay the cost of any post audits conducted by the commission or the state board of accounts on an actual cost basis.

(5) The commission must approve each location and physical

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facility used by a contractor.

(6) The term of the contract must be for a fixed period."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 361 as introduced.)

LANDSKE, Chairperson

Committee Vote: Yeas 5, Nays 3.

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### SENATE MOTION

Madam President: I move that Senate Bill 361 be amended to read as follows:

Replace the effective dates in SECTIONS 1 through 3 with "[EFFECTIVE UPON PASSAGE]".

Page 1, between lines 4 and 5, begin a new paragraph and insert:

"SECTION 2. IC 9-16-1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. As used in this chapter, "qualified person" means any of the following:

(1) A motor club that is any of the following:

(A) A domestic corporation.

(B) A foreign corporation qualified to transact business in Indiana under IC 23-1 or IC 23-17.

(2) A financial institution (as defined in IC 28-1-1-3).

(3) A new motor vehicle dealer licensed under IC 9-23-2.

**(4) An insurance producer (as defined in IC 27-1-15.6-2) licensed under IC 27-1-15.6.**

~~(4)~~ **(5)** Other persons, including persons licensed under IC 9-23-2 that are not covered by subdivision (3), that the commission determines can meet the standards adopted by the commission under IC 9-15-2-1(7) and the requirements for partial service contractors under section 4.5 of this chapter."

Page 1, line 6, after "(a)" insert **"If a qualified person demonstrates that the qualified person can meet the requirements of this section,"**.

Page 1, line 6, delete "The" and insert "the".

Page 1, line 7, strike "a" and insert **"the"**.

Page 1, line 7, delete ":".

Page 1, line 8, strike "(1)".

Page 1, line 9, delete ";" and insert ".".

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Page 1, line 9, strike "or".

Page 1, line 10, strike "(2)".

Page 1, line 10, delete "the provision of".

Page 1, line 10, strike "partial services under section 4.5".

Page 1, strike line 11.

Page 2, line 15, delete "." and insert **"that is reasonably calculated to secure the contractor's performance. The commission may not require the contractor to post a cash bond."**

Page 2, line 18, strike "any" and insert **"annual"**.

Page 2, line 36, after "(a)" insert **"If a qualified person demonstrates that the qualified person can meet the requirements of this section,"**.

Page 2, line 36, delete "The" and insert "the".

Page 2, line 37, before "qualified person to" strike "a" and insert **"the"**.

Page 2, line 37, after "at" strike "a" and insert **"the"**.

Page 3, line 11, delete "." and insert **"that is reasonably calculated to secure the contractor's performance. The commission may not require the contractor to post a cash bond."**

Page 3, line 12, strike "any" and insert **"annual"**.

Page 3, after line 17, begin a new paragraph and insert:

"SECTION 5. IC 9-16-1-5, AS AMENDED BY P.L.210-2005, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. Each license branch, ~~full service provider, or partial services provider~~ shall collect the service charges prescribed by IC 9-29-3 and deposit the service charges in the state license branch fund established under IC 9-29-14.

SECTION 6. IC 9-16-1-5.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 5.5. (a) IC 9-29-3 does not apply to:**

**(1) a license branch operated under a contract awarded under section 4 of this chapter; or**

**(2) a partial services facility operated under section 4.5 of this chapter.**

**(b) A contractor under section 4 or 4.5 of this chapter may charge and keep any service fees the contractor considers necessary, in the contractor's sole discretion, to operate the license branch or to provide partial services.**

**(c) Before October 1 of each year, the bureau and the state board of accounts shall determine the actual cost to the state to provide license branch services under this article during the most recently concluded state fiscal year. The state board of accounts**

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shall determine a method to allocate these costs to license branch services on a transaction basis. Before January 1 of the following year, the bureau shall notify all contractors under section 4 or 4.5 of this chapter the amount of the per transaction cost determined under this subsection.

(d) A contractor under section 4 or 4.5 of this chapter shall:

(1) collect as a fee for each transaction processed after December 31 the transaction cost determined under subsection (c); and

(2) pay the money collected under subdivision (1) to the bureau as provided in the contract.

The fee required to be collected under this subsection is in addition to any fees the contractor may charge under subsection (b).

(e) The bureau shall deposit money paid to the bureau under subsection (d) in the motor vehicle highway account.

SECTION 7. An emergency is declared for this act."

Renumber all SECTIONS consecutively.

(Reference is to SB 361 as printed January 27, 2006.)

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